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APR - 3 2012
City Manager's Office

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry, A.A.E.

SUBJECT: AIRPORT LIVING WAGE
ORDINANCE WAGE INCREASE

DATE: April 2, 2012

Approved

Date

4/2/12

INFORMATION

AIRPORT LIVING WAGE ORDINANCE (ALWO) RATES EFFECTIVE JULY 1, 2012

On January 19, 2012, the U.S. Department of Labor released its 2011 Consumer Price Index (CPI) for All Urban Consumers (U). For the San Francisco-Oakland-San José area, the CPI-U increased 2.6%. Based on this information, the minimum compensation at the Norman Y. Mineta San José International Airport will increase by \$.34 per hour.

Effective July 1, 2012, all Airport Businesses will be required to provide their Covered Employees the following Minimum Compensation:

1. If Minimum Health Insurance Benefits are provided, Compensation of no less than Thirteen Dollars and Forty-Six Cents (\$13.46) per hour.
2. If Minimum Health Insurance Benefits are not provided, Compensation of no less than Fourteen Dollars and Seventy-One Cents (\$14.71) per hour.

Mineta San José Airport staff will notify Airport Businesses of the increases via e-mail and the Internet.

BACKGROUND AND METHODOLOGY

Prior to January 1, 2011, ALWO wage adjustments were calculated on an annual basis using the same methodology as the City's Living Wage Policy (Resolution 68900) wage adjustments. Hourly rate adjustments were based on any change as of December 31 of the previous year in the federal poverty level standard for a family of three established by the U.S. Department of Health and Human Services or the geographic cost of living differential used by the City in determining the initial wage adjustment.

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On December 14, 2010, Council adopted amendments to the ALWO (Chapter 25.11 Airport Living Wage and labor Standards). As of January 1, 2011, minimum compensation is reviewed annually; however, the methodology used for rate adjustments is based on any change in the CPI-U, published by the U.S. Department of Labor, Bureau of Labor Statistics. If the CPI has not increased or if the CPI has declined, the minimum compensation shall remain unchanged. The minimum compensation adjustments are effective the following July 1.

Since the Airport Living Wage Ordinance (ALWO) hourly rate of pay is calculated with a different methodology than the City Living Wage Policy hourly rate of pay, the rates will be different. As of July 1, 2012, the ALWO new rates will increase \$0.34 per hour (to \$13.46 and \$14.71) and the City Living Wage Policy new rates will increase \$1.14 per hour (to \$14.73 and \$15.98)

This table shows the ALWO rate adjustments and the adjustment factors since the adoption of the Ordinance

Effective Date	Geographic or CPI Adjustment Factor	ALWO Rate With Benefits	ALWO Rate Without Benefits
July 1, 2012	2.6030%	\$13.46	\$14.71
July 1, 2011	1.3699%	\$13.12	\$14.37
July 1, 2010	0.7308%	\$12.94	\$14.19
January 1, 2009		\$12.83	\$14.08

/s/

William F. Sherry, A.A.E.

Director of Aviation

For questions, contact Karla Enany, at 408-392-3640.

